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**DEVELOPMENT OF TOURISM IN
PAPUA NEW GUINEA:
A CHALLENGING TASK AHEAD**

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International Tourism

International tourism has been a fast growing business. International tourist arrivals have increased from 69.3 million (1960) to 159.7 million (1970), 280 million (1980), and 300 million (1990). By the turn of the century (year 2000), the number of international tourists is expected to rise to 500 million, which is worth about US\$ 300 million each year. Presently this accounts for 6% of world trade. The average annual growth rate, however, has shown a downward trend over the past few decades (Table 1).

Table 1

International Tourist Arrivals, 1960-1990

Years/Decades period	Arrivals (millions)	Index (1960=100)	Change over previous period (% per year)
1960	69.3	100	
1970	159.7	230	+ 10.8
1980	280.0	404	+ 6.3
1990	300.0	433	+ 0.7

Source: W.T.O, Economic Review of World Tourism.

International tourism is a roller-coaster industry. Economic recessions and political turbulence (Idi Amin's Uganda, Khomeini's Iran, Rabuka's Fiji) create volatility for countries dependent on tourists earnings as a source of export revenue, employment and GDP. In the South Pacific region countries like Tonga, Fiji, Vanuatu and Western Samoa are heavily dependent on tourism (Table 2).

Table 2

Tourist Receipts as Percentages of Export Earnings & GDP

	Tourist Receipts	
	as % of export earnings	
Tonga	68	13.5
Fiji	35	22.0
Vanuatu	27	10.5
Western Samoa	25	4.0

Source: Dwyer L. (1986) "Tourism", Islands/Australia Working Paper # 86/3, NCDS, Australian National University.

The most important countries attracting tourists are the U.S.A, Canada, Australia and the rich countries of Europe. They account for 80% of international tourist arrivals. The Third World has a small share of the international tourism market, and this is highly concentrated in a few countries like Fiji, Singapore, Hong Kong, Malta, Tunisia and those in the Caribbean.

Psychology of Tourism

Four motivational categories are distinguished as to why tourists go to a particular country:

- (1) Physical motivations; such as availability of excellent health, recreational and sports facilities, attractive beaches, healthy climate, etc.
- (2) Cultural motivations, like curiosity to meet foreign people, foreign cultures, their food, way of life, etc.
- (3) Prestige and status motivations, such as international conferences, seeing world land marks like Taj Mahal; Niagara Falls, Disneyland, Eiffel Tower, etc.
- (4) Personal motivations like visiting friends and relatives in foreign lands, going on sex tours and relaxation, etc.

Costs and Benefits of Tourism

Several advantages and disadvantages are claimed for tourism. The benefits are:

- (1) it generates foreign exchange and improves current account balances.
- (2) it generates tax revenue and helps reduce budget deficits.
- (3) being a labour-intensive industry it generates employment and economic activity.
- (4) it creates opportunities for cultural exchange, interaction, awareness and understanding.
- (5) it helps build up a positive image of the country to foreigners.
- (6) tourism is a 'product' which enjoys high income elasticity of demand, and as such this industry would grow as the world incomes expand.
- (7) it diversifies economic structure, provides incentives to develop infrastructure and support services (the South Pacific Games held in 1991 improved the roads and street lights in Papua New Guinea).
- (8) it encourages the development of traditional arts and handicrafts, native culture, dress, food and music.

The problems which tourism is likely to create are:

- (1) the destruction and pollution of the very things which the tourists come to see (beaches, reefs, mountains, etc).
- (2) the destruction of cultures, deterioration of art, commercialization of culture.
- (3) the demonstration effects resulting in local people demanding alien lifestyles, consumer items, music, dress and other luxury habits and fashions.
- (4) a loss of foreign exchange resulting from extra imports to meet foreign tourist demands, and profit repatriation.
- (5) increase in foreign control/domination of the hotel and hospitality industry.

- (6) dependence on foreign knowledge, expertise and skills to run the tourism industry.
- (7) rise in local prices of goods and services, jacked up by high profile foreign tourists.
- (8) a hike in land and property prices

Tourism in Papua New Guinea: Present Situation & Recent Trends:

A land area of 462,240 sq. km and a population of 3.7 million makes Papua New Guinea the largest country in the South Pacific. It accounts for 60% of the land mass and 80% of the total population of the South Pacific region. The country is extremely rich in natural resources, endowed with mining (gold, copper and silver), petroleum, forestry, fishing and plantation agriculture (coffee, cocoa, copra, tea, rubber, oil palm) resources. It has a GDP of US\$ 3.7 billion and a population of 3.7 million, giving the country a per capita income of US\$1000.

The total value of merchandise exports in 1992 was K1730.6, nearly double the level of 1985 exports (Table 3). (K1 =US\$ 1.019 on 16 July 1993).

Table 3**Merchandise Exports of PNG, 1985-1992 (million kina)**

	1985	1986	1987	1988	1989	1990	1991	1992
Agricultural	330.2	331.9	268.9	255.2	270.1	204.6	180.9	203.1
Forestry products	67.3	74.7	110.9	97.5	96.2	79.6	90.2	148.2
Marine Products	12.1	7.9	11.0	7.5	8.1	8.2	7.4	7.8
Minerals	489.9	561.2	714.9	861.5	676.1	757.5	1005.3	1070.1
Crude Oil	-	-	-	-	-	-	-	301.4
Reexports	26.7	25.1	17.5	34.4	61.1	72.5	-	-
TOTAL EXPORTS	926.2	1000.8	1123.2	1256.1	1111.6	1122.4	1283.8	1730.6

Source: Bank of PNG, Quarterly Economic Bulletin, March 1993

By the year 1995 PNG's total export revenue is expected to reach K2.5 billion, due mainly to the booming mineral and petroleum exports.

The total foreign exchange earnings from tourism in 1991 amounted to only K43 million which is roughly 3.3% of the total value of merchandise exports. (PNG's invisible credits amounted to K356 million in 1991 and K 374 million in 1992). As a percentage of total export earnings (visible + invisible), the foreign exchange earnings from tourism represented a mere 2.6% in 1991. Furthermore, the K 43 million foreign exchange earnings was marginally above 1% of the total GDP of K3605.5 million, in 1991. The world average is 5.5% of GDP.

The magnitudes of comparison given above indicate the fact that tourism is a very small sector in the overall economy of PNG. The total number of persons employed in the tourism industry, which caters for both overseas visitors and domestic travellers, is estimated to be around 5,500. Incidentally, the mining sector which contributes 80% of the export revenue, provides employment for about 6,000 persons. Unlike mining, which is an extremely capital intensive industry with little direct employment effect, tourism is a labour-intensive industry with a significant impact on employment.

In a country like PNG where the urban unemployment rates run as high as 50%, the tourism industry has an important role to play in solving the unemployment problem of the country. While mining can look after the foreign exchange earnings, tourism can be a means of solving the problem of unemployment in PNG.

It is interesting to note that the manufacturing sector in PNG contributes 10% to the GDP, and 10% to the wage employment in the country. The total number of jobs provided by the manufacturing sector in 1992 was 24,000 persons. This sector suffers from a lack of international competitiveness, and holds little hope of solving the problem of urban unemployment in the country. There are several factors which conspire to reduce PNG's international competitiveness in manufacturing industry: high cost and low productivity of labour, high cost and low availability of urban land for industrial use, poor and expensive transport infrastructure, high cost of water and electricity, lack of local entrepreneurship, high dependence on foreign supply of skilled labour. All these factors make it extremely difficult for PNG to achieve industrial development or to absorb labour into industrial employment.

According to the Second National Manpower Assessment (1987) and the World Bank Report (1991), PNG's labour force will grow at an annual average rate of 60,000 persons, but the economy will be able to absorb only 10% (6000 persons) into formal employment. This is a frightening prospect for a country which is saddled with 50% urban unemployment rate already!

From the point of view of solving the unemployment problem, more than expanding the earnings of foreign exchange as such, the tourism industry has a very important role to play in the economy of PNG.

Tourist Arrivals

The Tourism Council of the South Pacific (TCSP) recently reported that in 1992, a total of 40,533 tourists visited PNG. This was an increase of 8.5% from 1991 when 37,366 tourists visited.

However, this increase was smaller than the increases recorded by other Pacific island nations, including Cook Islands (25.1%) and Western Samoa (11%).

The number of tourists that visited PNG in 1992 compares very poorly with the figures for Fiji which attracted 278,534 people or French Polynesia which received 123,619 visitors in 1992, according to the TCSP Statistics. In 1977 PNG had approximately 1 visitor arrival per 100 people in the population. Fifteen years later, in 1992, the figure is still the same. This is the lowest ratio among the South Pacific countries where others have substantially higher ratios: Tonga (14), Vanuatu (26), New Caledonia (30), Fiji (43), French Polynesia (69) and Cook Island (83).

If we take recreational visitors (as opposed to all visitor arrivals) the ratio of tourists per 100 people in the population will come down from 1 to 0.2 for PNG. This is undoubtedly an unimpressive figure. While PNG earned K43 million a year from tourism, Fiji earns K 193 million from tourism every year. Neighboring Australia earns approximately K 4100 million from tourism each year, and the industry provides employment for 6% of the country's labour force.

The tourism industry in Fiji (population: 650,000) provided jobs for 18,000 of its people while PNG (population: 3,700,000) provided employment to only 5500 people.

Furthermore, while Fiji attracted 250,000 tourists every year, PNG in contrast could attract only 11,000 tourists a year.

If appears from these observations that the tourism industry has been ignored for too long, costing the nation jobs as well as revenue. PNG has a potential to become an important tourist destination in the South Pacific region like Australia and Fiji, but the potential has remained largely untapped. Both Australia and Fiji have developed their tourism sectors and made them an important source of employment and foreign exchange earnings.

The TCSP report of 1992 said that despite the considerable potential for expansion, the tourism sector in PNG had remained underdeveloped.

Table 4 gives the trends in tourist arrivals in PNG over the period 1979-1991

Table 4

Tourist Arrivals By Purpose of Visit, 1979-1991
(Number of Persons)*

	Holiday/vacation	Business	Visiting Friends & Relatives	Other Purposes	Total
1979	11,079 (33.9)	11,129 (34.1)	8,078 (24.7)	2,398 (7.3)	32,684
1980	14,006 (36.1)	12,686 (32.7)	8,135 (21.0)	3,943 (10.2)	38,770
1981	10,443 (29.7)	13,290 (37.8)	7,604 (21.7)	3,779 (10.8)	35,116
1982	9,739 (30.0)	13,130 (40.4)	6,706 (20.6)	2,930 (9.0)	32,505
1983	9,124 (28.9)	12,285 (38.9)	6,678 (21.1)	3,531 (11.2)	31,618
1985	6,873 (22.6)	12,337 (40.6)	6,753 (22.2)	4,428 (14.6)	30,391
1986	8,493 (26.6)	13,251 (41.5)	6,525 (20.5)	3,631 (11.4)	31,900
1987	9,839 (28.1)	14,649 (41.9)	6,815 (19.5)	3,667 (10.5)	34,970
1988	11,390 (28.1)	17,632 (43.5)	7,180 (17.7)	4,327 (10.7)	40,529
1989	18,011 (36.8)	19,651 (40.2)	6,994 (14.3)	4,262 (8.7)	48,918
1990	13,022 (32.0)	17,629 (42.4)	6,812 (16.7)	3,639 (8.9)	40,742
1991	8,681 (23.2)	16,592 (44.4)	6,174 (16.5)	5,910 (15.8)	37,357

(* The figures in brackets indicate percentages to the total in that year)

Source: (1) South Pacific Regional Tourism Statistics, 1991, p. 66.
(2) National Statistical Bulletin, International Arrivals and Departures, 1979-83.

From Table 4 it can be seen that genuine or bonafide tourists (Holiday/vacation category) numbered about 11,000 a year, amounting to about 20% of the total number of tourist arrivals during the period 1985-91. More than 60% of the total tourists going into PNG went there ~~either~~ for business ~~or~~ to visit friends and relatives.

International tourism is essentially inter-regional tourism. Table 5 indicates that the majority of tourists visiting PNG came from neighbouring countries in Oceania and Asia.

Table 5

Tourist Arrivals by Source, 1985-1991
(Number of persons)*

	Oceania (Australia New Zealand etc)	Asia (Japan, Singapore Malaysia, etc)	Europe (U.K, France Germany, etc)	Americas (USA, Canada South America)	All others	Total All (regions)
1985	16,485 (54.2)	4,570 (15.0)	5,439 (17.9)	3,832 (12.6)	65	30,391
1986	17,254 (54.1)	4,855 (15.2)	5,093 (16.0)	4,609 (14.5)	89	31,900
1987	20,097 (57.5)	5,820 (16.6)	4,131 (11.8)	4,842 (13.8)	80	34,970
1988	23,190 (57.2)	6,518 (16.1)	5,499 (13.6)	5,225 (12.9)	97	40,529
1989	27,734 (57.0)	7,318 (15.0)	6,530 (13.3)	7,203 (14.7)	133	48,918
1990	21,468 (52.7)	6,330 (15.5)	7,497 (18.4)	5,286 (13.0)	161	40,742
1991	19,145 (51.3)	5,968 (16.0)	6,138 (16.4)	6,011 (16.0)	95	37,357

(* figures in brackets are percentages to the total in that year. "All Others" category is too small to be counted for percentage calculations).

Source: National Statistical Office, PNG quoted in South Pacific Regional Statistics, 1991, p. 67.

From Table 5 it can be seen that 70% of the tourist arrivals in PNG came from Oceania and the Asia region, where PNG is located. The remaining 30% of the tourist arrivals are evenly split between Europe and the Americas.

PNG Visitor Survey, 1991 conducted by TCSP

The TCSP, in association with the Tourism Development Corporation of PNG, conducted an extensive visitor survey in 1991. The aim of this study was to find out the expenditure patterns of tourists visiting PNG; their travel behaviour patterns, opinions and reactions, and the changes in these variables since 1988, when the first such survey was conducted in PNG. Here are the findings of the 1991 Survey:

1. From 1966 to 1988 tourism was placed under six different government agencies; it was only in 1988 that it was brought under the preview of one single body, the Department of Culture and Tourism. In March 1990 this Department set up a full-fledged national tourism organisation called the Tourism Development Corporation (TDC). In 1992 the TDC was abolished and a new body called Tourism Promotion Authority (TPA) was created in its place.

Until very recently tourism was given low priority. There was a lack of proper organisation leaving this sector in a state of underdevelopment and official neglect.

2. PNG has the third largest tourism capacity in the South Pacific with 2655 rooms and 4771 beds, distributed among 122 units. Around 30% of this capacity is concentrated in Port Moresby. Thirty of the most expensive hotels make up half of the total room capacity.
3. There are 17 registered travel and tour operators including Air Niugini and Talair. The two major tour operators, Trans Niugini Tours and Melanesian Tourist Services have elaborate operations, including luxury river/sea cruises as well as tours to wilderness areas and tribal villages.
4. Tourism earnings as a proportion of merchandise exports and GDP was only 2.6% and 1.05% respectively in 1991.
5. Visitor arrivals to PNG increased at an annual average rate of 13% from 30,391 to 48,918 between 1985 and 1989 period. But 1990 recorded a drop of 16.7% over the previous year to 40,742 arrivals. This declining trend continued into 1991 as well.

6. Oceania (52.79) and Asia (15.5%) remained the principal source of the tourist market, with Australia alone contributing as much as 46.3% of the visitor arrivals in PNG during the period 1985-1990.
7. Only 26% of the tourists visited PNG for pleasure purposes - touring and sight seeing. The rest were visiting PNG for other purposes such as private or official business, and visiting friends and relatives.

This small percentage of bonafide tourists indicates that PNG is not a popular holiday destination.

8. Nine out of ten pleasure tourists came from three areas - North America, Europe and Australia.
9. There were 317 males to every 100 females tourists, indicating the prepondence of male tourists to PNG.
10. The average age of male and female tourists was 42 years. The majority of tourists belonged to the 25 - 44 age group.
11. The main sources of information for PNG tourists were: friends and relatives (45%), business and government sources (32%), travel and guide books (21%), travel agents (16%), general reading (16%) and media (15%).
12. Around 9 out of 10 tourists made independent arrangements for their travel to PNG. The rest travelled on some sort of package tour arrangement.
13. About 6 out of every 10 tourists (57%) were travelling to PNG only. However 6 out of every 10 pleasure tourists were multi-destination travellers who visited other South Pacific countries as well.
14. The average length of stay in PNG was 12.6 nights. Pleasure tourists stayed for a shorter period (9.5 nights).
15. Close to 2 out of every 10 tourists took organized tours, excursions or cruises while in PNG. The most popular organised tours were the Highlands tour (23%), the Dive tour (22%) and the Port Moresby city day tour (19%).

Among the cruises, the most popular ones were the Sepik River cruise (41%) and the Madang Sepik cruise (15%).

16. About half of the tourist nights were spent in hotels or other commercial accommodation; and 4 out of every 10 tourist nights were spent in Port Moresby.

17. The main attractions of PNG, based on the 1991 visitor survey, as perceived by over one-third of the tourists are:

Friendly people	(61%)
Natural scenery	(59%)
Traditional villages	(45%)
Culture/folklore	(39%)
Climate	(37%)
Handicrafts	(34%)

18. Seven out of ten tourists who were interviewed made suggestions for tourism improvement and these related mainly to:

- * the need to improve the law and order situation in the country.
- * the fear psychosis generated by the "rascals" and the imposition of night curfews which cut down free movement.
- * the exorbitant cost of tourist facilities and services, which is perceived to be the result of an unfavourable exchange rate/high value of kina.
- * the poor condition of airport facilities and services.
- * high domestic airfares and poor quality of domestic air services.
- * poor state of repair of the roads, high cost of road transport arising out of taxi and car rental rates.
- * general lack of cleanliness in cities where litter and betelnut stains are obvious from spitting all over the place.
- * poor visitor information by both the government and the private sector operators.
- * poor publicity and promotion, and failure to mitigate the bad image of PNG overseas as well as a failure to emphasize the positive attractions of the country.
- * lack of shopping and night entertainment facilities, relatively short working hours of the museum, etc.

19. The overall average tourist expenditure per head in PNG was estimated at US\$ 1196, and average daily expenditure per tourist was US\$ 95.

The North American tourists and the Japanese were the highest spenders in terms of average per head spending (US\$ 1655 and US\$1651 respectively). But in terms of average daily expenditure, Japanese tourists ranked the highest (US\$ 157 per night).

On average, 56% of tourist spending was on paying hotel bills and food. Domestic air travel accounted for 16% of their total expenditure.

20. The percentage distribution of itemised expenditure of visitors to PNG in 1991 was as follows:

Table 6

Expenditure by Visitors to PNG, 1991

	All Visitors	Pleasure Tourists
Accommodation	56%	60%
Domestic air travel & transport	22%	21%
Restaurants & bars	11%	6%
Handicrafts	4%	6%
Shopping	2%	1%
Tours & excursions	1%	3%
Recreation & entertainment	1%	2%
Miscellaneous	3%	1%
TOTAL	100%	100%

Source: PNG Visitor Survey 1991, Tourism Council of the South Pacific, Suva, Fiji, May 1992. p. 58.

21. Table 7 gives estimated receipts from tourists who visited PNG during 1991 (January - September)

23. Australia continued to be the most important source of tourist arrivals in PNG in the first half of 1992 as in previous years (Table 9).

Table 9

Tourist Arrivals in PNG by Country of Origin First Half of 1991, and 1992

	FIRST HALF		
	1991	1992	Percentage Change
Australia	7,837	9,579	22.2
U.S.A.	2,662	2,131	-19.9
Other Asia	2,018	2,731	35.3
U.K.	1,258	1,382	9.9
New Zealand	793	1,007	27.0
Japan	779	609	-21.8
Other Europe	647	935	44.5
Pacific Islands	546	324	-40.7
Canada	344	385	11.9
Germany	339	505	49.0
France	167	194	16.2
Other Countries	122	104	-14.8
TOTAL	17,512	19,886	13.6

Source: TCSP, The Quarterly Review of Tourism, Second Quarter 1992, Suva, Fiji.

Problems and Prospects of Developing Tourist Industry in PNG

Direct government involvement in tourism in PNG began in 1966 with the creation of the Tourist Board. This was a fallout from the World Bank's 1964 report which called upon PNG to diversify its economy. In 1974 tourism was stretched between three different government ministries who took over the functions of the Tourist Board. It was an incoherent arrangement lacking direction in tourism development. They kept reasonable statistical records of the tourism industry till 1981. Since then a number of those records have been misplaced or destroyed.

In 1982, under pressure from private initiatives, the government set up a tourism body, known as the National Tourist Authority.

From 1971 to 1981 several government departments were involved in the preparation of plans, policies and legislation for tourism, as well as making predictions about the future number of tourist arrivals. They made predictions that tourist earnings will reach the K40 million mark by 1978, a target that came no where near the reality. An unrealistic optimism ran through all the plans and reports prepared during the 1970's.

From 1966 to 1988 tourism was placed under six different government departments, and in 1988 it came under the preview of a single department called the Department of Culture and Tourism. Under the supervisory control of this Department, in March 1990, a statutory body known as the Tourism Development Corporation was set up. Then, in 1992 an altogether new body called the Tourist Promotion Authority was set up to promote tourism industry actively. It has a budget of K 2.6 million for the year 1993.

It would be fair to say that tourism suffered from official neglect for a long time. The government admits that PNG's tourism industry has performed poorly and that this industry had been ignored for too long, costing the nation much revenue and many jobs. The industry at present earns K40 million in export revenue and employs only 5,500 people. For a country like PNG with a GDP of K3,700 million, annual export earnings of K1700 million and urban unemployment of 50%, the contribution of the tourism sector is very insignificant indeed.

The Tourism Promotion Authority set up in 1992, is entrusted with the task of attracting more tourists to PNG. It is believed that PNG has considerable potential for expansion of the tourism industry.

Between 1993 and 1995, the TPA hopes to attract double the number of bonafide tourists from its current figure of 8600, and increase tourist earnings to K 50 million (from the current figure of K 43 million). The TPA is given K 2.6 million in 1993 to "kick-start" the industry.

PNG has no doubt several attractions for foreign tourists: its native culture and art, traditional dances and costumes, artifacts, unpolluted and uncrowded beaches, river cruise and water sports facilities and the like. But over the years a number of factors have constrained the development of the tourist industry in PNG, and these constraints largely remain today.

(1) High Costs

PNG is isolated from the major visitor markets of the world - North America, Western Europe and Japan. Potential tourists from these areas have an immense range of fabulous destinations at extremely competitive prices to choose from.

PNG is located in the midst of countries which are attractive to tourists. Fiji, Australia, New Zealand in the Pacific, and Singapore, Indonesia, Malaysia, Thailand, and the Philippines in South-East Asia. Hong Kong, South Korea and Taiwan are not too far from PNG either. These destinations offer many attractions to tourists - beautiful beaches, coral reefs, expensive luxury hotel accommodation, historical buildings, cultural diversity, fine food, etc. They all have highly developed infrastructure, domestic transport facilities, political stability, competitive exchange rates, and souvenirs of all kinds. They are attractive destinations to the young, the old or the middle aged, men, women and children. They all have warm and enjoyable climate, hospitable people, organized tour operators, and no law and order problems.

PNG by contrast is an isolated place. It is not on any of the main international air routes. It is in fact a terminal point. There are daily flights (operated by the national airline Air Niugini and Qantas) to Sydney/Cairns/Brisbane in Australia, but only twice a week flights by Air Niugini to Singapore and to Hong Kong/Manila. No other foreign airline (other than Qantas) flies into PNG. The flights to Jakarta, Honolulu and Auckland which existed for a short-period some years ago were closed down.

Both travel and accommodation in PNG are very expensive. The airfares from anywhere to PNG are high. The domestic mode of transport is only by air in PNG and it is expensive. The distance between places is also considerable. Taxi and public transportation facilities in PNG cities, including the capital city of Port Moresby, are far too inadequate to make the places attractive.

The domestic air travel facilities are of a poor quality, and the inflight or airport facilities are of a relatively low standard. Frequent changes in schedules, dirty aircraft cabins, and indifferent handling of passengers and baggage are cited as some of the other factors that put off tourists in PNG.

(2) Lack of Organization and Cleanliness

The PNG Visitor Survey (1991) gathered tourist responses to certain questions. The respondents were virtually unanimous in their view that PNG was an expensive destination. A vast majority of them complained about the poor quality roads and their maintenance, absence of signpostings, poor and unreliable condition of taxis, no taxi metres, cheating by taxis drivers, and high rental car rates.

Tourists also complained about the lack of general cleanliness in PNG cities, with roadside litter, empty cans and broken bottles all over the roads, betelnut stains, and spitting by betelnut chewers virtually everywhere. Visitors dislike this unsightly thing.

(3) Low Value of Money

PNG has, since Independence in 1975, adopted the so-called Hard Currency policy in which the high value of the Kina is maintained by official exchange rate policy. As a result foreign tourists get relatively less Kina for their Dollars or Pounds. Imported as well as locally produced goods are very expensive. Food, housing, health care, transport and utilities are all expensive.

PNG has a cost of living that is even higher than the cost of living in advanced industrial countries. The high value of kina compounds the difficulties that already exist.

(4) Law and Order Situation

The law and order situation in PNG has always been bad and it has deteriorated even further in recent years. The newspapers, radio and television are full of stories of house break-ins, car thefts, pay grabs, jail break-outs and prison escapes, tribal fights, packrapes and murders in cities and villages throughout the country.

The daily update of the so-called "rascal problem" is a routine part of household conversation. The Australian, and other foreign media, constantly portray PNG as a high risk country. Criminality and lawlessness has been a fast growth industry in PNG. Whether it is all real or exaggerated, a perception that PNG is an unsafe place to live or visit remains. The PNG Visitor Survey (1991) conducted by the TCSP reported that a majority of the tourists complained

about threats, pressure tactics, and the fear psychosis created by horror stories of violence and brutality; and this had disturbed the holiday mood and experience of many visitors to PNG.

The law and order situation in PNG had twice gone out of control, with the result that the government had to impose a dusk to dawn curfew once in 1985 and again in 1991. Even under normal conditions, people in PNG don't go out after it is dark. Their houses are fenced and fitted with burglar alarms, and security lights. High barbedwire fences and trained dogs guard the houses.

The free movement of residents as well as tourists is severely curtailed, and this irritates and mars the holiday experience.

(5) Overseas Promotion

Not much promotional attempt has been made to "sell" PNG overseas. The government has neglected and ignored tourism development and the hospitality industry.

Perhaps part of the reason for this complacency is the generally comfortable foreign exchange position of the country. PNG is a lucky country blessed with rich and abundant resources. It has lot of mineral wealth and revenue coming out of gold, copper and petroleum exports. It has rich forest resources bringing in export revenues. There are marine resources, while exports of coffee, cocoa, copra, and oil palm bring further export earnings.

PNG does not experience any of the foreign exchange difficulties that other third world countries usually experience. Foreign investment is attracted to PNG into its booming mineral resource sector. There is, therefore, no real urge to go for tourism as a means of earning foreign exchange.

It is the problem of unemployment which should push the PNG government into tourism development. Mining is a highly capital intensive activity with little impact on employment creation. 82% of the country's annual foreign exchange earnings (of K2000 million) come from the mining sector, but only 6000 jobs are created by this sector. The tourism and hospitality industry brings in K43 million in export revenue per year, but provides jobs for about 5,500 persons. It is for this reason that PNG should pay attention to tourism. The unemployment rates in PNG are unacceptably high, and some attribute the lawlessness and criminality to the massive unemployment that exists in PNG.

Conclusion and Suggestions

The task of boosting the tourism industry is difficult for PNG. Tourism is a highly competitive industry, and PNG is not best set to meet international challenges. The potential for tourism exists, but realizing that potential is not an easy task for PNG.

If PNG has to succeed in its ambition to develop its tourist industry it must achieve the following results:

1. Improve the law and order situation, and create conditions of peace and safety in its towns and villages.
2. Cut down the costs of travel and accommodation and bring them in line with its competitors.
3. Improve the quality of facilities and services at airports, taxi and car rentals, public transportation and infrastructure, shopping and recreational facilities.
4. Train people to be more hospitable, efficient and responsive to the needs of tourists.
5. Maintain higher levels of cleanliness and overall image.
6. Maintain a realistic exchange rate so as to attract tourists to come and stay longer in the country.
7. Build medium priced hotels and provide budget accommodation.
8. Offer attractive and cheap air fares - both international as well as domestic.
9. Create more urban amenities - public parks, museums, variety of food, shopping facilities, night entertainment, safe and well-lit roads, etc.

Tourism and hospitality industry is a difficult sector to develop. PNG has to put in lot of effort to attract foreign tourists to PNG. PNG has to be internationally competitive in this area, as in other areas, where the target is overseas market.

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